

Message Text

SECRET

PAGE 01 STATE 085030

63

ORIGIN SS-10

INFO OCT-01 ISO-00 /011 R

66618

DRAFTED BY NEA/ARN:SEWARD:JMP

APPROVED BY NEA:WSBUTCHER

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FM SECSTATE WASHDC

TO AMEMBASSY JIDDA IMMEDIATE

S E C R E T STATE 085030

EXDIS

FOLLOWING STATE 085030 SENT ACTION AMMAN APR 25TH.

QUOTE

S E C R E T STATE 085030

EXDIS

E.O. 11652: GDS

TAGS: MASS, JO

SUBJECT: FMS CREDIT FOR JORDAN

REF: A) AMMAN 1882

B) STATE 75902

1. AFTER CAREFUL CONSIDERATION OF THE PROPOSED FMS CREDIT ARRANGEMENTS OUTLINED IN REF (A), WE HAVE CONCLUDED THAT DIRECT AGREEMENTS EXCLUSIVELY WITH THE GOVERNMENT OF JORDAN ARE PREFERABLE. THE POTENTIAL IMPLICATION THAT SUPPORTING ASSISTANCE FUNDS MIGHT BE USED TO REPAY FMS CREDITS IS ADMITTEDLY A PROBLEM, BUT WE JUDGE IT TO BE A LESSER PROBLEM THAN THAT OF DEFENDING BEFORE CONGRESS THE EXTENSION OF CREDITS TO OIL-RICH ARAB STATES AT THIS TIME.

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2. IN ADDITION TO CONGRESSIONAL CONSIDERATIONS, THE FMS CREDIT PROGRAM'S HISTORY OF FREEDOM FROM DEFAULTS BY PURCHASING COUNTRIES IS ATTRIBUTED IN SUBSTANTIAL DEGREE TO INCENTIVE OF PURCHASERS TO MAINTAIN REPAYMENTS IN ORDER TO REMAIN ELIGIBLE FOR FURTHER CREDITS. IF THE SOLE OBLIGATION TO PAY WAS THAT OF A THIRD PARTY, A FUTURE DETERIORATION OF RELATIONS BETWEEN THAT PARTY AND THE USG, OR BETWEEN THE THIRD PARTY AND THE PURCHASING COUNTRY, COULD ENGENDER UNNECESSARY RISKS OF SIGNIFICANT DEFAULTS. ACCORDINGLY, WE BELIEVE FMS CREDIT AGREEMENTS SHOULD BE BETWEEN USG AND GOJ, WITH THIRD PARTY FINANCING LEFT TO BILATERAL ARRANGEMENTS BETWEEN JORDAN AND THIRD PARTIES RATHER THAN BETWEEN THIRD PARTIES AND USG.

3. THUS, WHILE WE HAVE ALREADY TOLD THE JORDANIANS THAT THE PROPOSED \$30 MILLION IN FMS CREDIT IS INTENDED TO GAIN FINANCING FOR JORDAN'S MILITARY NEEDS BY WEALTHY FRIENDS--AND THERE IS NO OBJECTION TO YOUR REITERATING THIS ORALLY TO GOJ--NO EXPLICIT LINK BETWEEN USG AND POTENTIAL BENEFACTORS FOR JORDAN SHOULD BE ESTABLISHED WITH REGARD TO FMS CREDIT ARRANGEMENTS. KISSINGER UNQUOTE RUSH

SECRET

NNN

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